

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 OMB-01 OIC-04 DRC-01 /208 W

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R 101901Z DEC 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6294

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

WMEMBASSY LU*EMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 14510

E.O. 11652: XGDS-1

TAGS: ETRD, GATT, EEC, UK

SUBJECT: AMBASSADOR EBERLE'S TALKS IN LONDON

1. ON DECEMBER 10, AMBASSADOR EBERLE MET WITH SIR MAX BROWN (UNDER SECRETARY FOR TRADE AT THE DEPARTMENT OF TRADE AND INDUSTRY) FOR A GENERAL DISCUSSION OF CURRENT ISSUES, INCLUDING ARTICLE XXIV:6, THE PREPARATIONS FOR THE MTN, AND THE PROSPECTS FOR THE TRADE BILL. OTHER OFFICIALS PRESENT ON THE BRITISH SIDE WERE ROY DENMAN
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AND PETER PRESTON (DEPUTY SECRETARIES, DTI), MARTIN LAM

(UNDER SECRETARY, DTI) AND EDWARD J.G. SMITH (UNDER SECRETARY, MINISTRY OF AGRICULTURE).

2. AMBASSADOR EBERLE NOTED THAT THE ARTICLE XXIV:6 RENEGOTIATIONS WILL NOT HAVE BEEN COMPLETED ON JANUARY 1, WHEN THE NEW EC MEMBER STATES MAKE THEIR FIRST ALIGNMENTS WITH THE CXT. HE SAID THAT IT IS IMPORTANT THAT THE COMMUNITY CONFORM TO GATT RULES IN THIS REGARD AND ASKED WHAT THE COMMUNITY INTENDED TO DO. DENMAN REPLIED THAT THE GATT PROCEDURES WHICH APPLY TO ARTICLE XXIV:6 (WHICH ARE SPELLED OUT IN ARTICLE XXVIII) ARE ESSENTIALLY DESIGNED FOR INDIVIDUAL BILATERAL NEGOTIATIONS, AND THEY ARE NOT EASILY APPLICABLE TO A COMPLEX RENEGOTIATION ARISING FROM THE FORMATION OF A CUSTOMS UNION. THE "COMMON SENSE" APPROACH, HE SAID, IS TO ALLOW THE XXIV:6 RENEGOTIATIONS TO CONTINUE BEYOND JANUARY 1 UNTIL THEY EITHER SUCCEED OR FAIL.

3. AMBASSADOR EBERLE EXPLAINED WHY THE U.*S. IS NOT INTERESTED IN THE "ROLL-OVER* IDEA WHICH HAS BEEN SUGGESTED BY THE BRITISH. ACCORDING TO THIS IDEA, THE U.S. WOULD TRY TO SEEK COMPENSATION IN THE MTN FOR THE ITEMS ON WHICH IT HAD NOT OBTAINED SATISFACTION IN THE ARTICLE XXIV:6 RENEGOTIATIONS. ON THE BASIS OF OUR EXPERIENCE IN THE LAST ROUND OF ARTICLE XXIV:6 RENEGOTIATIONS, (WHEN THE EEC WAS ESTABLISHED), WE CONSIDER THAT OUR ABILITY ACTUALLY TO EXERCISE "ROLL-OVER RIGHTS" OF THIS KIND IS QUESTIONABLE, AMBASSADOR EBERLE SAID. FURTHERMORE, SOME MEMBER STATES HAVE TAKEN THE POSITION THAT IF THE COMMUNITY MAKES A CONCESSION ON AN ITEM IN THE CONTEXT OF ARTICLE XXIV:6, THAT ITEM SHOULD NOT BE INCLUDED IN THE MTN (VIZ, ITALYS POSITION ON KRAFT PAPER). DENMAN ACKNOWLEDGED THAT SOME MEMBER STATES HAVE ADVANCED THIS VIEW, BUT STRESSED THAT THERE HAD BEEN NO COUNCIL DECISION ON THIS POINT.

4. AMBASSADOR EBERLE THEN OUTLINED HIS THINKING ON THE STEPS TO BE TAKEN AFTER THE COMMUNITY PRESENTS ITS OFFER. THE U.S., HE SAID, WILL POINT OUT THAT THE
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COMMUNITY'S CONCESSIONS ON CERTAIN ITEMS ARE NOT ADEQUATE. THE LIST OF ITEMS IS LIKELY TO BE LIMITED (PERHAPS A HALF DOZEN ITEMS). IT WILL INCLUDE CITRUS, TOBACCO AND GRAINS. THEN, IN ACCORDANCE WITH ACCEPTED GATT PROCEDURES, WE WOULD ASK FOR THE FORMATION OF A PANEL IN ORDER TO DETERMINE THE EXTENT TO WHICH TRADE HAS BEEN IMPAIRED ON THOSE ITEMS. SIR MAX SAID THAT HIS INITIAL REACTION WAS THAT IT WOULD BE DIFFICULT FOR A GATT PANEL TO ADJUDICATE IN A COMPLEX PROBLEM OF THIS KIND. THE COMMUNITY WOULD CONTINUE TO TAKE A "GLOBAL"

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APPROACH, CONTENDING THAT LOSSES IN CERTAIN SECTORS HAVE BEEN BALANCED BY GAINS IN OTHERS. THIS WOULD MAKE IT DIFFICULT TO ASSESS IMPAIRMENT ON A SELECTED LIST OF SPECIFIC ITEMS. HOWEVER, HE SAID THE BRITISH WOULD "CHEW OVER" THE IDEA.

5. ON THE PREPARATIONS FOR THE MTN, AMBASSADOR EBERLE REVIEWED THE STATE OF PLAY IN THE DISCUSSIONS NOW GOING ON IN GENEVA CONCERNING THE ORGANIZATION OF THE WORK OF THE TRADE NEGOTIATIONS COMMITTEE. HE EXPLAINED THAT THE U.S. COULD NOT AGREE TO DISCUSS AGRICULTURAL ISSUES ONLY IN AN AGRICULTURAL COMMITTEE, BUT WE ARE PREPARED TO AGREE TO THE FORMATION OF A COMMITTEE TO DEAL WITH ALL ISSUES THAT ARE "PRIMARILY AGRICULTURAL". SIR MAX SAID THAT THIS WAS A HELPFUL APPROACH. HE ASKED LAM TO CALL THE UK DELEGATION IN GENEVA TO URGE IT TO TRY TO MODERATE THE COMMUNITY'S POSITION ON THE "EXCLUSIVITY" OF *GRICULTURE.

6. AMBASSADOR EBERLE GAVE*AN UP-TO-THE MINUTE ACCOUNT OF THE STATUS O *CONGRESSIONAL CONSIDERATION OF TH *RADE BILL. HE*ALSO AID THAT THE *.S. WILL ASK FOR ISCU SIONS ON THE GRAINS S*ANDSTILL AGREEMENT BEGINNING IN JANUARY. THESE SHOULD PROCEED IN PARALLEL WITH ARTICLE XXIV:6 AND THE MTN, HE SAID. HE ALSO STRESSED THE NEED TO RESOLVE THE PROBLEMS ARISING FROM EC MINIMUM IMPORT PRICES FOR FRUITS AND VEGETABLES, AND OUTLINED U.S. VIEWS ON A GATT WORKING PARTY ON EC-EFTA RULES OF ORIGIN.

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